

Message Text

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PAGE 01 OTTAWA 02928 061621Z

44

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 FEA-01 /097 W
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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 7177

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PASS AGRICULTURE FOR FAS/GWHITE

E.O. 11652: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: EGG QUOTAS

REF: STATE 182811

1. ECON COUNSELOR ACCOMPANIED BY ASST AGATT RIGGS MET LATE AFTERNOON AUGUST 5 WITH ITC SENIOR ADM BURNS AND GOC INTER-AGENCY GROUP AND PRESENTED U.S. POSITION ON GOC EGG IMPORT QUOTAS AS OUTLINED REFTEL.

2. FOLLOWING GOOD DEAL OF INTENSIVE QUESTIONING, BURNS INDICATED THAT:

A. HE WOULD HEAD GOC TEAM WHICH WOULD VISIT WASHINGTON AUGUST 6 FOR ANOTHER FACE-TO-FACE MEETING WITH OFFICIALS OF STR AND OTHER USG AGENCIES;

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PAGE 02 OTTAWA 02928 061621Z

B. AT AUGUST 6 MEETING, GOC WOULD MAKE AVAILABLE NUMBERS ON "THREE SIDES" OF GOC PROGRAM, I.E. IMPORTS PRODUCTION, AND EXPORTS;

C. GOC HAD NO OBJECTION TO USG SEEKING ADVISORY OPINION IN GATT. BURNS WOULD NOT REPEAT NOT RULE OUT GOC JOINING USG IN APPROACH TO GATT BUT HE WOULD HAVE TO SEEK MINISTERIAL GUARANTEE ON THIS POINT. IF GOC DID JOIN, IT WOULD WISH TO TAKE CAREFUL LOOK AT TERMS OF REFERENCE FOR GATT APPROACH; IN PARTICULAR, HE DID NOT FIND PROPOSED SECOND STAGE, I.E. EXPLORATION OF POSSIBLE IMPAIRMENT OF CONCESSIONS, VERY ATTRACTIVE.

3. DURING DISCUSSION FOLLOWING POINTS AROSE:

A. BURNS EXPRESSED STRONG CONCERN ABOUT 301 ACTIONS. HE ASKED WHAT WERE LIMITS ON SUCH ACTIONS. "ARE YOU GOING TO 301 US TO DEATH?" IF USG IS GOING TO THREATEN ITS TRADING PARTNERS IN THIS WAY, OTHERS WILL BEGIN FOLLOWING SUIT. EMBOFFS POINTED OUT THAT SECTION 301 PRESCRIBES PROCEDURES UNDER WHICH DOMESTIC INTERESTS MAY RAISE COMPLAINTS AND HAVE CASE HEARD. PUBLICATION OF COMPLAINTS WAS REQUIRED BY LAW. HOWEVER, INITIATION OF INVESTIGATION OF COMPLAINTS DID NOT PREFUDGE OUTCOME OR NATURE OF SUBSEQUENT ACTION, IF ANY. EMBOFFS POINTED OUT THAT GOC AND OTHER GOVERNMENTS ALSO FIND WAYS TO LET DOMESTIC INTERESTS AIR COMPLAINTS. THEY REJECTED BURNS' SUGGESTION THAT USG NOT ACTING IN CONFORMITY WITH GATT.

B. RE LEVEL OF IMPORT QUOTA, BURNS ASKED WHETHER USG WAS SUGGESTING THAT GOC MOVE TO 70-74 BASE INSTEAD OF 69-73. HE REITERATED ASSERTION OF JULY 30 (OTTAWA 2857) THAT U.S. PRODUCERS WOULD BE WORSE OFF ON NET BASIS IF 70-74 USED FOR BOTH IMPORT QUOTA AND EXPORT RESTRAINT LEVEL. EMBOFFS SAID THEY WERE FOCUSING ON IMPORT SIDE ONLY; USG WAS NOT PROPOSING FORMULA BUT WAS SAYING QUOTA WAS INADEQUATE AND SHOULD BE ENLARGED TO TAKE ACCOUNT OF STRONG UPWARD TREND IN U.S. EXPORTS TO CANADA SINCE END OF 1973.

C. BURNS ASKED WHETHER STR HAD ISSUED REGULATIONS CONCERNING LIMITED OFFICIAL USE

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PAGE 03 OTTAWA 02928 061621Z

ING FILING OF COMPLAINTS AND CONDUCT OF REVIEWS AND HEARINGS AS REQUIRED BY SECTION 301. EMBOFFS DID NOT KNOW. BURNS ASKED WHETHER PUBLICATION OF 301 COMPLAINT COULD BE DEFERRED UNTIL AFTER GATT PROCEDURES INVOKED. HE INDICATED THAT GOC MIGHT FIND PROBLEM EASIER TO DEAL WITH IF MATTER CLEARLY BEING CONSIDERED IN MULTILATERAL FRAMEWORK. ECON COUNSELOR SAID HE DID NOT KNOW WHAT PRECISE LEGAL REQUIREMENTS WERE. HE ASSUMED COMPLAINT UNDER SECTION 301 HAD TO BE PUBLISHED REASONABLY

PROMPTLY AFTER IT WAS RECEIVED IN GOOD ORDER. HE SAID HE ASSUMED THAT EVEN IF THERE WAS ENOUGH FLEXIBILITY TO PERMIT GATT PROCEDURES TO BE INVOKED FIRST, HE WAS QUITE CERTAIN PUBLICATION COULD NOT BE DEFERRED UNTIL GATT PROCEDURES COMPLETED.

D. BURNS MADE SPECIAL POINT OF EMPHASIZING THAT GOC'S MARKETING BOARD LEGISLATION IS LIMITED TO EGGS AND POULTRY. EMBOFFS ACKNOWLEDGED THAT THEY WERE AWARE OF THIS BUT POINTED OUT THAT THERE HAD BEEN MUCH TALK OF EXTENDING THE SYSTEM IF IT PROVED WORKABLE. THEY SAID THAT THIS WAS OF GREAT CONCERN TO USG.

4. EMBOFFS RESISTED REPEATED ATTEMPTS BY GOC OFFICIALS TO ELICIT REACTION TO GOC PROPOSAL OF JULY 30 FOR EXPORT RESTRAINT ARRANGEMENT. THEY SAID THEY UNDERSTOOD PROPOSAL UNDER STUDY IN WASHINGTON BUT THAT THEIR PRESENT INSTRUCTIONS DID NOT DEAL WITH IT. BURNS COMMENTED RHETORICALLY THAT HE COULD NOT UNDERSTAND WHY USG APPEARED TO BE HAVING SO MUCH TROUBLE WITH VOLUNTARY RESTRAINT PROPOSAL ON EGGS WHEN IT HAD WORKED OUT RESTRAINT ARRANGEMENTS ON MEAT AND OTHER PRODUCTS.

5. COMMENT: IT WAS OBVIOUS THAT GOC OFFICIALS ANTICIPATED MUCH OF WHAT WE HAD TO SAY AS RESULT OF REPORTS FROM CANADIAN EMBASSY WASHINGTON. THEY GAVE EVERY INDICATION THAT THEY ARE PREPARED TO CONTINUE TALKING WITH US ABOUT SOLUTIONS. FACT THAT COMMONS HAS RECESSED UNTIL OCTOBER AND MINISTERS WILL NOT BE FORCED TO REACT TO OPPOSITION BARBS IN DAILY QUESTION PERIOD SHOULD REDUCE RISK THAT MINISTERS WILL GET THEMSELVES BOXED IN BY PUBLIC STATEMENTS ON ISSUE.
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